

Green Mountain Care Board
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July 23, 2020

Paul Schaeffer, FSA, MAAA
Actuarial Senior Director
Cigna Health and Life Insurance Company
900 Cottage Grove Road
Bloomfield, CT 06002

Re: Motion for Consideration in Cigna Health and Life Insurance Company's 2020 Large Group Manual Rate Filing, Docket No. GMCB-001-20r.

Dear Mr. Schaeffer,

I am writing on behalf of the Green Mountain Care Board to respond to your July 6, 2020 letter titled "2020 Vermont Cigna motion for consideration in response to GMCB Order." The letter states that, because Cigna Health and Life Insurance Company (CHLIC) cannot adjust each individual component of the filing, it "agrees to implement [the changes ordered by the Board] through an aggregate adjustment to rates." The letter explains that because administrative expenses and pharmacy trend forecasts are applied nationally within CHLIC's pricing engines, it is not feasible for CHLIC to apply a state-level change for each of these assumptions. Instead, CHLIC proposes to comply with the Board's order through an aggregate adjustment to the profit assumption that would reduce the rate increase from 15% to 9%.

Were CHLIC to achieve the rate reduction anticipated by the Board through an adjustment to the profit assumption, as described in your letter, the Board agrees that this would comply with the spirit of the order and the Board would therefore not take enforcement action for non-compliance on this basis. However, to be clear, the Board did not order a negative profit assumption; the Board ordered reductions to CHLIC's assumptions regarding administrative expenses, pharmacy trend, and profit. To state otherwise, for example to the Board in future rate filings or to groups in the rating process, would misrepresent what the Board ordered.

Please let me know if you have questions.

Sincerely,

s/ Michael Barber

Michael Barber
General Counsel
Green Mountain Care Board

cc: Mary Clark, Esq., CHLIC



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